

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 NEA-10 IO-14 ISO-00 ARA-14 EA-12

EUR-12 L-03 FRB-01 OMB-01 ITC-01 SP-02 AGRE-00

AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

OIC-02 SIL-01 STR-05 TRSE-00 CEA-01 SS-15 SSO-00

NSCE-00 INRE-00 USIE-00 /129 W

-----046184 190115Z /73

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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 3264

INFO UNCTAD COLLECTIVE

USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY DJIBOUTI

AMEMBASSY MOGADISCIO

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USEEC USOECD

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: COMMON FUND NEGOTIATING CONFERENCE; G-77

STATEMENT DELIVERED IN PLENARY NOV 18.

1. "MR. PRESIDENT, IT IS WITH A SENSE OF GRAVE DISQUIET THAT I TAKE THE FLOOR. THE INTERNATIONAL COMMUNITY IS AWAITING THE OUTCOME OF THIS CONFERENCE WITH GREAT EXPECTATION. AT THE MID-POINT OF THIS RESUMED NEGOTIATING CONFERENCE ON A COMMON FUND, AFTER TWO WEEKS OF INTENSIVE DEBATE, UNFORTUNATELY THERE SEEMS TO BE NO PROSPECT OF NARROWING THE WIDE GAP THAT STILL DIVIDES US.

2. AFTER THE FRUSTRATING EXPERIENCE IN MARCH THIS YEAR THE GROUP OF 77 CAME TO THIS CONFERENCE WITH RENEWED EXPECTATION RAISED BY THE DEVELOPMENTS WHICH HAD TAKEN
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PLACE SINCE THEN. AT THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION IN PARIS, THE ONLY MEANINGFUL RESULT THAT THE DEVELOPING COUNTRIES OBTAINED IN THE FIELD OF COMMODITIES WAS THE AGREEMENT BY ALL PARTICIPATING COUNTRIES THAT A COMMON FUND SHOULD BE ESTABLISHED AS A NEW ENTITY TO SERVE AS A KEY INSTRUMENT IN ATTAINING THE AGREED OBJECTIVES OF THE INTEGRATED PROGRAMME FOR

COMMODITIES AS EMBODIED IN RESOLUTION 93 (IV). SINCE A HURDLE WHICH SEEMED INSURMOUNTABLE LAST MARCH HAD THUS BEEN CLEARED, WE ASSUMED THAT WE COULD NOW PURPOSEFULLY ADDRESS OURSELVES TO NEGOTIATING THE CONSTITUENT ELEMENTS OF THE COMMON FUND. WE DREW FURTHER ENCOURAGEMENT FROM THE FACT THAT ALL THE PARTICIPATING COUNTRIES IN CIEC, AND SUBSEQUENTLY ALL MEMBER COUNTRIES OF UNCTAD, PLEDGED THEMSELVES TO SECURE A SUCCESSFUL CONCLUSION AT THIS RESUMED SESSION. MR. PRESIDENT, THERE IS LITTLE EVIDENCE THAT THESE PLEDGES ARE BEING REDEEMED.

3. IN FACT AS THE DEBATES AT THIS CONFERENCE PROGRESSED, WE HAVE SEEN THAT, INSTEAD OF MOVING TOWARDS AGREEMENT, THERE SEEMED TO BE AN ATTEMPT TO MOVE THE CONFERENCE AWAY FROM THE AGREED AND RELEVANT CONTEXT WITHIN WHICH THE NEGOTIATIONS WERE SUPPOSED TO BE CONDUCTED.

4. THE GROUP OF 77 HAS PRESENTED TO THIS SESSION, FOR SERIOUS NEGOTIATIONS, A COMPREHENSIVE POSITION PAPER CONTAINING CONCRETE PROPOSALS ON ALL THE MAJOR CONSTITUENT ELEMENTS OF THE COMMON FUND. THESE PROPOSALS ARE IN FULL ACCORD WITH RESOLUTION 93 (IV) ADOPTED BY CONSENSUS BY THE WORLD COMMUNITY. ON THE OTHER HAND, THE MEMBER STATES OF GROUP B HAVE SUBMITTED A PAPER WHICH WE DEEPLY REGRET TO NOTE IS NOT ONLY LIMITED IN SCOPE AND SELF-CONTRADICTORY IN PURPOSE, BUT ABOVE ALL SO NARROWLY UNCLASSIFIED

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CONCEIVED AS TO AMOUNT TO A VIRTUAL NEGATION OF THE KIND OF COMMON FUND ENVISAGED AT NAIROBI. WITH A SENSE OF REALISM, THEREFORE, THE GROUP OF 77 PROPOSED THAT CERTAIN FUNDAMENTAL ASPECTS OF THE COMMON FUND SHOULD FIRST BE AGREED UPON SO THAT FURTHER NEGOTIATIONS COULD PROCEED WITHIN A CLEARLY ESTABLISHED FRAMEWORK.

5. MR. PRESIDENT, THE IPC REPRESENTS A MAJOR ELEMENT IN THE RESTRUCTURING OF INTERNATIONAL ECONOMIC RELATIONS ON A MORE EQUITABLE BASIS TO THE BENEFIT OF THE ENTIRE WORLD COMMUNITY, BOTH DEVELOPED AND DEVELOPING, PRODUCERS AND CONSUMERS ALIKE. IT HAS ALREADY BEEN AGREED THAT THE COMMON FUND SHOULD BE A KEY INSTRUMENT OF THE INTEGRATED PROGRAMME FOR COMMODITIES. I CAN ONLY EXPRESS OUR DEEP REGRET THAT GROUP B, IN ITS PAPER, HAS NOT BEEN ABLE TO REMAIN CONSISTENT AND TO APPROACH THE ISSUES IN THIS LIGHT.

6. GROUP B PROPOSES A COMMON FUND DEPENDANT SOLELY ON THE POOLING OF RESOURCES BY INDIVIDUAL COMMODITY AGREEMENTS BASED ON BUFFER STOCKING. THE PROPOSAL, MR. PRESIDENT, EVEN NEGATES GROUP B'S OWN CLAIM THAT IT

CONTAINS ELEMENTS DRAWN FROM BOTH THE "POOL" APPROACH AND THE "SOURCE" APPROACH. CAN SUCH A FUND BE A KEY INSTRUMENT OF AN INTEGRATED PROGRAMME? CAN IT PROVIDE AN IMPETUS FOR THE SUCCESSFUL CONCLUSION OF FUTURE COMMODITY NEGOTIATIONS? CAN IT, WHILE ASKING FOR 75 PER CENT OF THE MAXIMUM FINANCIAL REQUIREMENTS OF EACH ICA IN CASH, MINIMIZE THE FINANCIAL BURDEN ON MEMBER COUNTRIES? CAN IT, WITHOUT SOME DIRECT ASSESSED CONTRIBUTIONS TO IT BY EVERY MEMBER OF THE INTERNATIONAL COMMUNITY, REALLY BECOME AN EFFECTIVE AND UNIVERSAL INSTITUTION? THE ANSWERS TO ALL THESE QUESTIONS ARE CLEARLY IN THE NEGATIVE.

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7. AS FOR THE SCOPE OF THE FUND'S ACTIVITIES THERE IS NO ACCEPTANCE IN THE GROUP B PROPOSAL THAT THE COMMON FUND SHOULD FINANCE INTERNATIONALLY CO-ORDINATED NATIONAL STOCKS. THE GROUP OF 77 MAINTAINS THAT SUCH FINANCING BY THE COMMON FUND SHOULD BE AMONG ITS FUNDAMENTAL OBJECTIVES.

8. MR. PRESIDENT, ALL GROUPS RECOGNIZE THE IMPORTANCE AND NECESSITY OF MEASURES OTHER THAN STOCKING FOR THE SOLUTION OF COMMODITY PROBLEMS, AS AN INTEGRAL PART OF THE IPC. HOWEVER, VARIOUS ARGUMENTS HAVE BEEN

ADVANCED QUESTIONING THE NEED OR SCOPE OF COMMON FUND FINANCING FOR SUCH MEASURES AND SUGGESTING THAT SUCH FINANCING SHOULD BE DONE THROUGH EXISTING FINANCIAL INSTITUTIONS. THE GROUP OF 77 CANNOT ACCEPT THE CONCEPTUAL INCONSISTENCY OF THESE ARGUMENTS IN THE LIGHT OF THE AGREEMENT THAT THE COMMON FUND SHOULD BE A KEY INSTRUMENT.

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MENT OF THE IPC. WE ACKNOWLEDGE THE WORK OF THESE INSTITUTIONS. WE UNDERSTAND THE ARGUMENT THAT THE COMMON FUND SHOULD NOT DUPLICATE THE ROLE OF THE EXISTING FINANCIAL INSTITUTIONS. WHAT WE CANNOT UNDERSTAND IS GROUP B'S UNWILLINGNESS TO ALLOW THE COMMON FUND, THE INSTITUTION GEARED SPECIFICALLY AND SOLELY TO THE NEEDS OF WORLD COMMODITY TRADE, TO DEAL WITH OTHER MEASURES.

9. THE ESSENTIAL RATIONALE OF THE IPC IS THE IMPROVEMENT OF THE TERMS OF TRADE OF DEVELOPING COUNTRIES AND THE ELIMINATION OF THE ECONOMIC IMBALANCE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. THE COMMON FUND IS CONCEIVED AS A KEY INSTRUMENT TO ACHIEVE THE RESTRUCTURING OF THE WORLD COMMODITY TRADE. IT IS, THEREFORE, IMPERATIVE THAT THIS SHOULD BE PROPERLY REFLECTED IN THE DECISION MAKING PROCEDURES OF THE COMMON FUND.

10. MR. PRESIDENT, IT IS CLEAR THAT, AS OF NOW, NO MEANINGFUL BASIS HAS YET BEEN ESTABLISHED ON WHICH MORE DETAILED NEGOTIATIONS COULD PROCEED. WE ARE CONSTRAINED TO OBSERVE THAT MEMBERS OF GROUP B ARE STILL NOT READY TO ACCEPT A TYPE OF COMMON FUND WHICH WOULD HOLD ANY MEANING IN THE TOTAL CONTEXT OF THE IPC. WE NOTE HOWEVER, THAT CERTAIN MEMBERS OF THIS GROUP HAVE EXPRESSED THEIR WILLINGNESS ON SEVERAL PREVIOUS OCCASIONS TO CONTRIBUTE TO THE COMMON FUND, AS ENVISAGED AT NAIROBI.

11. THE MEMBER COUNTRIES OF GROUP D INDICATED THEIR GENERAL AGREEMENT WITH SOME OF THE FUNDAMENTAL ASPECTS OF THE COMMON FUND, BUT THEIR POSITION IN SPECIFIC TERMS REMAINS UNCLEAR. A MORE DETAILED ELABORATION OF THEIR POSITION WOULD BE HELPFUL IN FINDING A MEANINGFUL BASIS FOR NEGOTIATION.

12. ON THIS OCCASION, WE WOULD LIKE TO RECORD ONCE

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AGAIN OUR DEEP APPRECIATION FOR THE FULL AND CONSISTENT SUPPORT WHICH CHINA HAS EXTENDED TO THE POSITION OF THE GROUP OF 77.

13. AFTER YEARS OF DISCUSSIONS AND DIALOGUE ON A VAST RANGE OF ISSUES AFFECTING RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES IN THE FIELDS OF INTERNATIONAL TRADE AND DEVELOPMENT, THE AREA OF COMMODITIES WAS IDENTIFIED AS ONE OF THE FEW WHICH OFFERED PROSPECTS OF AN IMMEDIATE BREAKTHROUGH. THE NEGOTIATIONS ON THE COMMON FUND ARE THEREFORE A CRUCIAL TEST OF THE READINESS OF THE DEVELOPED COUNTRIES TO TAKE CONCRETE AND POSITIVE STEPS FOR BRINGING ABOUT THE NECESSARY STRUCTURAL CHANGES IN THE EXISTING ECONOMIC ORDER. THE FAILURE OF THESE NEGOTIATIONS WOULD JEOPARDIZE THE VERY BASIS OF INTERNATIONAL ECONOMIC CO-OPERATION WITH SERIOUS CONSEQUENCES FOR THE FUTURE RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. WE HOPE THAT THE DEVELOPED COUNTRIES GRASP, AS WE DO, THE GRAVE POLITICAL IMPLICATIONS OF THE SITUATION IN WHICH WE MAY FIND OURSELVES.

14. MR. PRESIDENT, IN THE LIGHT OF WHAT WE HAVE BEEN WITNESSING DURING THE PAST TWO WEEKS, THE GROUP OF 77 DOES NOT FIND IT WORTHWHILE TO CONTINUE IN THIS FASHION. WHILE WE REMAIN READY TO PARTICIPATE IN EFFORTS TO ESTABLISH A COMMON FUND AS A KEY INSTRUMENT OF THE IPC, WE EXPECT THE OTHER GROUPS TO DO THEIR UTMOST TO MOVE TOWARDS THE ACHIEVEMENT OF A COMMON UNDERSTANDING WITH US ON ITS FUNDAMENTAL ASPECTS IN ORDER TO PROVIDE THE NECESSARY BASIS FOR MEANINGFUL NEGOTIATIONS. THE TIME HAS COME FOR DECISIONS TO BE TAKEN WHICH WOULD PERMIT NEGOTIATIONS TO BEGIN IN EARNEST." SORENSON

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Message Attributes

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